



STAFF REPORT

Voluntary Payroll Deduction for the “Save Our Services Fund”

Honorable Mayor and Council Members

Summary

The League of California Cities (League) is asking cities to consider adopting a resolution allowing for voluntary payroll deductions to contribute to the “Save Our Services Fund” (SOS). SOS is a fund of Action for Better Cities (ABC) - a non-profit organization established by the League to actively promote the interests of local government in the political process. Attachment A is a resolution for Council's consideration that would authorize elected officials and employees to make a voluntary contribution to SOS via payroll deductions. Staff recommends Council approve the resolution.

Background and Discussion

In the past two decades, the State of California has repeatedly shifted City General Fund revenues to the State General Fund. The most egregious example was in the early 1990's when the state took a large piece of local property tax revenue in order to balance their budget and fund schools. This “takeaway” has led to the loss of more than \$500,000 *annually* in discretionary revenue for Belmont. In addition, earlier this year, a “one-time” property tax shift of Redevelopment Agency funds was also imposed by the State. In total, cities statewide are losing \$740 million *each year* as a result of state policy changes since 1980 (net of new or restored subventions). This would fund more than 6,500 police officers, 700 fire engines, or 240 libraries.

With the State facing a \$30+ billion deficit, and a structural budget problem, it is expected that the State will once again look at local revenues to solve the state's budget problem. The Governor has already proposed taking transportation and housing funds. At the same time, the City is struggling with its own budget problems due to the economy and higher benefit costs. Last year, the City cut \$500,000 in expenses and staff expects to propose a \$1.3 million budget correction in February.

Historically, cities have not been particularly effective in Sacramento, in part because of the inability to “deliver” votes or dollars, as other groups are able to do. Part of the League’s comprehensive approach to the problems in Sacramento was the formation of Action for Better Cities (ABC), a non-profit corporation formed to advance local government interests through traditional political campaign methods. ABC is envisioned as an organization that public officials and others interested in local issues can join and pool funds to counter special interests that increasingly impact public policy in California through the use of political ballot measures and/or legislation. Rather than stand by and watch other groups carry the day in Sacramento, the League formed ABC to directly respond to special interest activities that threaten local government’s flexibility and funding.

The League and ABC have begun work on an initiative to bring before the voters of California that would protect local government revenue sources. This initiative would ensure that future State legislation and State ballot measures do not further erode local government’s ability to serve local citizens by limiting, transferring or otherwise hindering the ability of local government to generate revenues required to fund essential local services such as police, fire, public works, parks and libraries, or to otherwise limit local control over resources and authorities.

The money contributed through this program will go into a fund at ABC known as the “Save Our Cities Fund”. It will be used to help fund the development, qualification and placing on the ballot of an initiative to protect City funds from future revenue raids by the State. Funds will *not* be used to contribute to the election campaign for candidates for public office.

A resolution establishing a contribution check-off program to provide the opportunity, on a strictly voluntary basis, for City employees and elected officials to support the activities of ABC is attached. Donor participation will be kept confidential and records of participation or non-participation will not be part of an employee’s personnel file.

In the past few months, approximately 50 cities across the state have approved resolutions endorsing a voluntary payroll deduction for SOS. Locally, San Carlos and Foster City have approved differing versions of such a resolution.

The City currently has payroll deductions for a number of items, such as deferred compensation, health benefits, etc. After September 11, the City established a voluntary payroll deduction for employees to be able to contribute to the American Red Cross relief fund. Employees who are members of bargaining associations have dues deducted from payroll.

Copies of this report are being sent to the leaders of the three employee associations as well as to the League of California Cities.

Fiscal Impact

There is no fiscal impact to this report. A negligible amount of staff time would be needed to initiate the payroll deduction system.

Recommendation

Staff recommends that the City Council approve the attached resolution establishing a voluntary contribution check-off program in support of Action For Better Cities.

Alternatives

1. Allow a payroll deduction for elected officials and/or management employees only.
2. Do not authorize a voluntary payroll deduction.
3. Provide alternative direction.
4. Take no action at this time.

Attachments

- A. Resolution authorizing payroll deduction

Respectfully submitted,

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